

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
PARCEL SELECT  
PARCEL SELECT CONTRACT 8

Docket No. MC2015-1

COMPETITIVE PRODUCT PRICES  
PARCEL SELECT CONTRACT 8 (MC2015-1)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2015-3

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 1,  
WITH PORTIONS FILED UNDER SEAL**

(October 29, 2014)

The United States Postal Service hereby provides its responses to Chairman's Information Request No. 1, which was issued October 24, 2014. Responses were due no later than October 29, 2014. Each question is reprinted verbatim in the attached, and is followed by the Postal Service's response. Questions 5-9 and the Postal Service's responses are being filed under seal. The Postal Service incorporates by reference its application for non-public treatment for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
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October 29, 2014

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1. Paragraph I.E.3 of the contract states that a type of "PPMOD" DSCF volume counts "toward achievement of a volume threshold." Please explain what is meant by "PPMOD" DSCF volume, and how this volume is different from the DSCF volumes described in Paragraph I.B of the contract.

**RESPONSE:**

Customer's PPMOD (Pallet Priority Mail Open & Distribute) volume may include DSCF packages. Those DSCF packages will count toward the volume threshold in the contract. The difference between the PPMOD DSCF packages and the DSCF packages described in Paragraph I.B is in how the packages are transported and distributed.

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2. Paragraph I.E.4 of the contract states that the Customer shall pay Tier 2 prices from the effective date until the end of Quarter 1. Quarter 1 is defined by Paragraph I.E.2 as October 1-December 31. After the end of Quarter 1, the "Customer will change prices based on the tier structure and the volume amounts . . . based on the previous four Contract Quarters' volume." For this question, assume the contract has an effective date of October 31, 2014.
  - a. Please confirm that Quarter 1 of the contract will run from October 1, 2015 to December 31, 2015. If not confirmed, please explain.
  - b. Please confirm that from October 31, 2014 until December 31, 2015, the customer will pay Tier 2 prices. If not confirmed, please explain.

**RESPONSE:**

- a. Not confirmed. Under that assumption, Quarter 1 will run from October 31, 2014, until December 31, 2014.
- b. Not confirmed. Customer will pay Tier 2 prices from October 31, 2014, until December 31, 2014. After December 31, 2014, Customer's prices will be determined by the applicable volume tier, based on Customer's volume in the previous four quarters.

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3. Paragraph I.E.5 of the contract describes "contract year" prices after the first year. Contract years are defined in Paragraph I.E.2 as the one-year period from the contract's effective date. However, Paragraph I.E.6 of the contract implies that contract prices will change quarterly based on the previous four Contract Quarters' volume. Please explain whether price changes will be calculated on a quarterly or annual basis after the first contract year, and clarify the dates on which prices will change. If necessary, please file an amendment to the contract.

**RESPONSE:**

Prices may change quarterly, as they are determined by the applicable volume tier, based on Customer's volume in the previous four quarters. The tiered price tables themselves will be adjusted on the anniversary of the contract's effective date.

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4. Paragraph I.J of the contract states that the “[c]ustomer will pay any published additional fees or surcharges, if any, associated with Parcel Select DDU & DSCF as published in the Domestic Mail Manual.” Please describe any applicable additional fees or surcharges currently associated with Parcel Select DDU & DSCF published in the Domestic Mail Manual, and clarify whether the fees and surcharges have been included in the financial model. If the additional fees and surcharges have not been included in the financial model, please file revised workpapers accounting for the fees and surcharges.

**RESPONSE:**

There are no additional fees or surcharges applicable to this product at this time, and therefore, they have not been included in the financial model. Paragraph I.J is intended to address any additional fees or surcharges that may be added to the Parcel Select product in the future. Customer will be responsible for paying any additional fees or surcharges that may be added in the Mail Classification Schedule and/or Domestic Mail Manual over the term of this contract.